TEEKAY OFFSHORE PARTNERS Q1-18 EARNINGS PRESENTATION

May 17, 2018

Forward Looking Statement

This presentation contains forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) which reflect management's current views with respect to certain future events and performance, including: the estimated future cash flow from vessel operations, including the impact on the Partnership's balance sheet, from the Partnership's existing near-term growth projects; the potential contract extension for the Voyageur Spirit FPSO; the expected demand for offshore production, storage and transportation services; the expected cash flow from vessel operations relating to the employment of the Petrojarl I FPSO unit on the Atlanta field; the expected duration of the mobilization and field installation services to be performed by the ALP Maritime vessels for the Kaombo Norte FPSO; the possibility of liquidated damages relating to project delays associated with Petrojarl I FPSO unit; the potential for an oil/production tariff on the Petrojarl I and Voyageur Sprit FPSOs; a potential global energy and offshore market recovery; the extension of the Arendal Spirit UMS loan facility; and the Partnership's ability to benefit from future opportunities. The following factors are among those that could cause actual results to differ materially from the forward-looking statements, which involve risks and uncertainties, and that should be considered in evaluating any such statement: changes in exploration, production and storage of offshore oil and gas, either generally or in particular regions that would impact expected future growth, particularly in or related to North Sea, Brazil and East Coast of Canada offshore fields; significant changes in oil prices; variations in expected levels of field maintenance; increased operating expenses; potential early termination of contracts; shipyard delivery delays and cost overruns; delays in the commencement of charter contracts; the inability of charterers to make future charter payments; the inability of the Partnership to renew or replace long-term contracts on existing vessels; the ability to fund the Partnership's remaining capital commitments and debt maturities; and other factors discussed in Teekay Offshore's filings from time to time with the SEC, including its Report on Form 20-F for the fiscal year ended December 31, 2017. The Partnership expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Partnership's expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

Recent Highlights

- Generated total CFVO(1) of $161.5 million and DCF(1) of $39.4 million in Q1-18, an increase of 11% and 14% from Q4-17, respectively
  - Q1-18 DCF (1) per common unit of $0.10
- Growth projects supporting $200 million of cash flow growth now fully-delivered:
  - Third East Coast Canada shuttle tanker newbuild commenced long-term charter contract in May
  - Petrojarl I FPSO on-contract May
- Completed previously-announced contract extension on the *Voyageur Spirit* FPSO to April 2019
- Total liquidity of $351 million as at March 31, 2018

1) These are non-GAAP financial measures. Please refer to "Definitions and Non-GAAP Financial Measures" and the Appendices in the Partnership's Q1-2018 earnings release for definitions of these terms and reconciliations of these non-GAAP financial measures as used in this presentation to the most directly comparable financial measures under United States generally accepted accounting principles (*GAAP*).

Stable and Growing Cash Flows

FPSO Segment

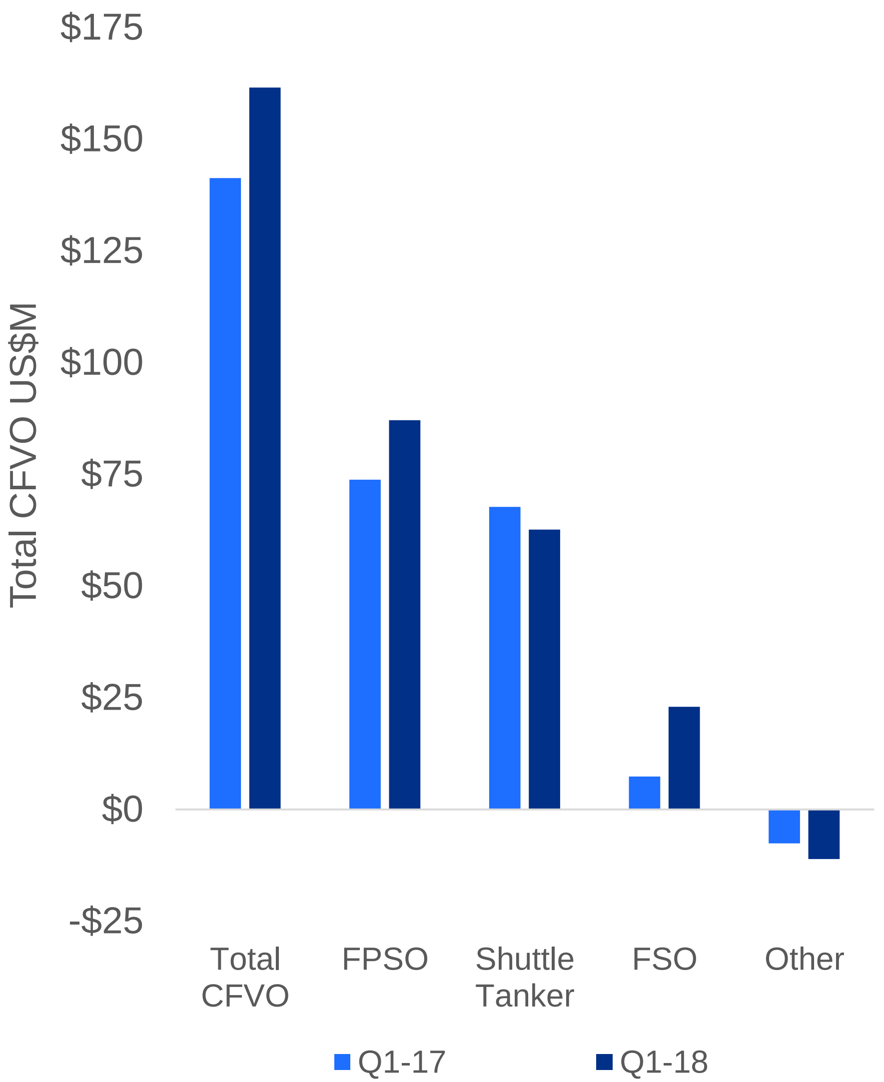
- Contract start-up of Pioneiro de Libra

Shuttle Segment

- Ramping cash flows from contract start-up of last two East Coast Canada shuttle tanker newbuilds
- Commencement of CoA contracts on existing and new fields at higher rates
- Q1-18 includes non-recurring repair costs related to redelivered DP1 vessels
- 4 newbuilds on order for delivery through late 2019-2020 for fleet replacement

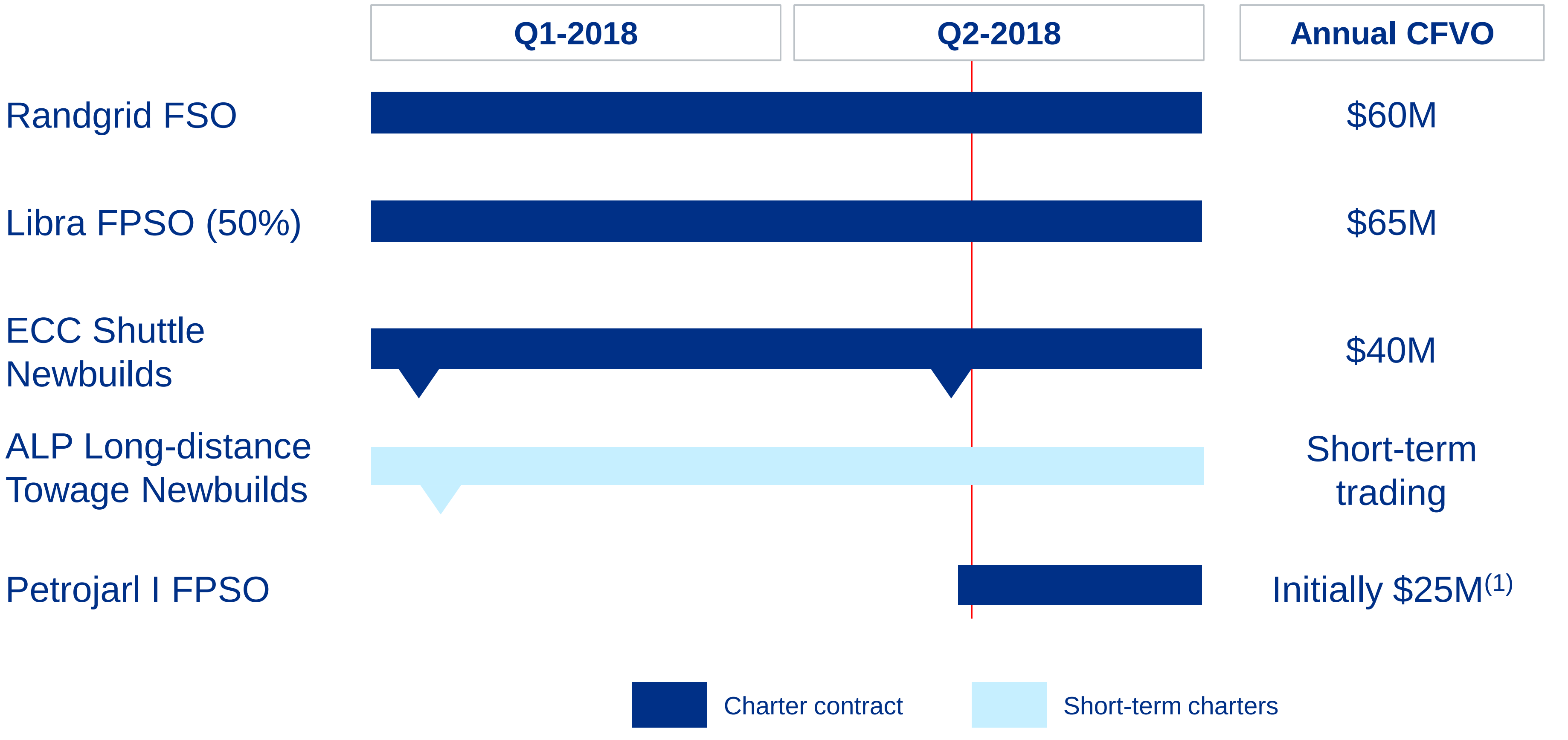
FSO Segment

- Contract start-up of Randgrid FSO



All Near-Term Growth Projects Completed and Starting to Cash Flow

Existing projects expected to provide ~$200 million of annual CFVO



1) As a result of the charter amendment in September 2017, for the first 18 months annual CFVO is expected to be initially $25 million. After 18 months, the contract reverts back to $55 million per annum. Amounts exclude any non-cash revenues, reductions for liquidated damages or upside from the oil price tariff.

Expanding Our Presence in Brazil

Among market leaders with 5 FPSOs on contract in Brazil

Petrojarl I FPSO Commenced Contract in May 2018

- Operating under a 5-year charter contract with QGEP
- Atlanta oil field
- Expected to generate annualized CFVO of ~$25[1] million for the first 18 months; increasing to ~$55[1] million during the remaining 42 months of the charter contract, plus additional potential upside from oil price tariffs

Libra FPSO Commenced contract in late-November 2017

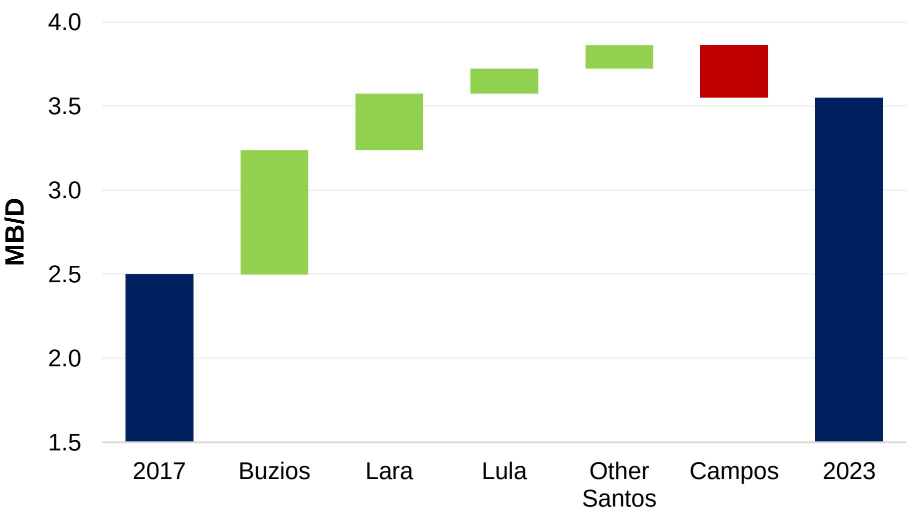
- Operating under a 12-charter contract with a consortium of international oil companies
- Libra oil field

1) Excludes the impact of any non-cash revenues, reductions from potential liquidated damages or upside from oil price tariffs.

Further Opportunities in Brazil

- Brazilian offshore oil production expected to grow by 1 mb/d over the next 5 years
  - Majority of the growth from pre-salt offshore oilfields
  - Breakeven costs on large, pre-salt fields as low as $29 / bbl
- Tendering activity for units to service Brazilian offshore fields is on the rise
- The opening up of Brazilian offshore fields to foreign operators should lead to increased offshore tendering activity
  - Brazil received a record 16 expressions of interest for the upcoming pre-salt auction in June

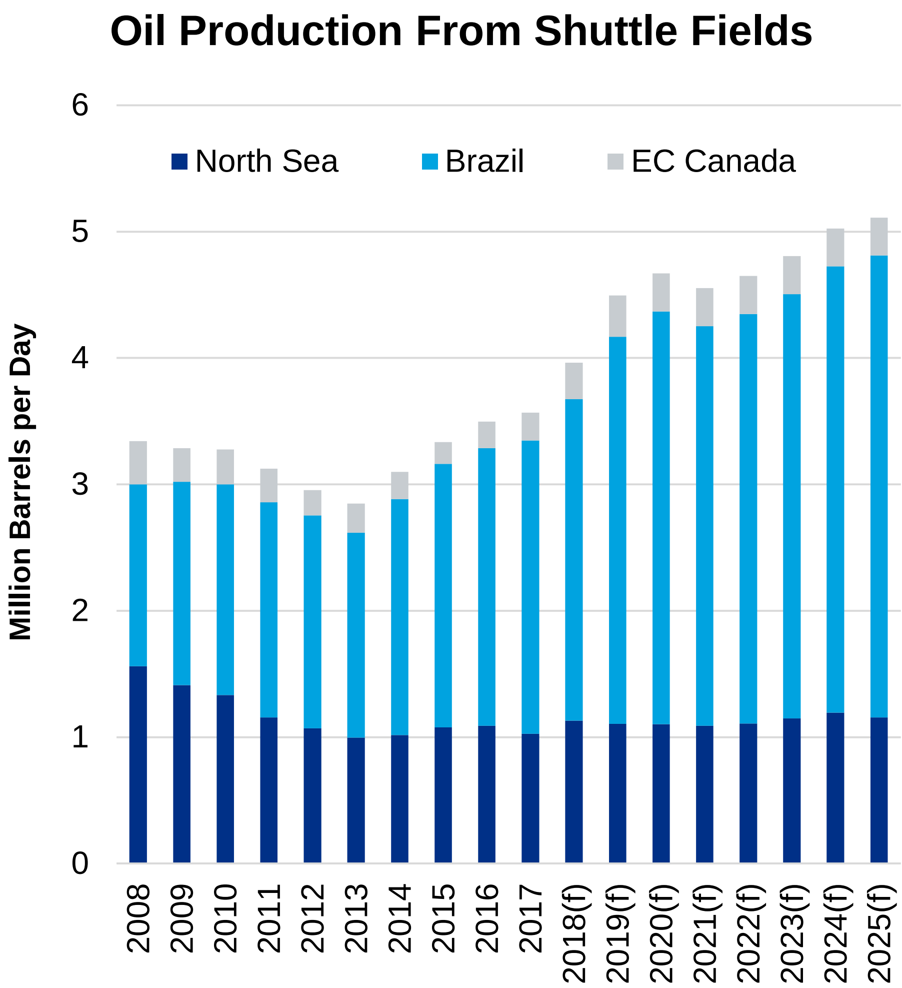
Change in Brazilian Offshore Production 2017-23



Source: IEA

International Operators in Brazil

Shuttle Tanker Growth Opportunities



Source: Clarksons Platou, based on Rystad data

- **North Sea**
  - Mature market; production volumes expected to remain steady to 2025
  - New fields in the Barents Sea could add to shuttle tanker tonne-mile demand due to longer sailing distances
  - Significant number of new vessels needed to replace aging tonnage (13 North Sea trading vessels reach age 20 in the next five years)
- **Brazil**
  - Largest area of shuttle tanker growth, driven by the pre-salt Santos basin
  - Approx. 60% increase in production from shuttle tanker fields by 2025 (creates demand for 20+ shuttle tankers)
- **East Coast Canada**
  - Stable production; potential growth from Hebron field and White Rose extension

Higher Oil Prices Driving Contract Extensions and Redeployment Opportunities

Voyageur Spirit FPSO

- Competed contract extension with Premier Oil, extending production until at least April 2019
- Contract to contribute annual CFVO of $20M plus upside from production and oil price tariffs

Varg FPSO

- Discussions continuing with Alpha Petroleum for FPSO project on the Cheviot field

Piranema Spirit FPSO

- Firm contract period out to 2019, plus extension options
- Petrobras looking to optimize its interest in field

Ostras FPSO

- Operating under charter contract extension with Petrobras to mid-2018

Arendal Spirit Accommodation Unit

- Currently bidding on various tender opportunities in Brazil
- Agreement in principle to extend debt facility out one year to September 2019 in exchange for partial principal repayment

Appendix

DCF and DCF per Limited Partner Unit

Q1-18 vs. Q4-17

($'000's, except per unit information)	Three Months Ended March 31, 2018 (unaudited)	Three Months Ended December 31, 2017 (unaudited)	Comments
Revenues	323,199	295,728	
Voyage expenses	(35,006)	(29,005)	
Net revenues	288,193	266,723	• Increase due to an increase in CoA days, the commencement of the *Beothuk Spirit* and *Norse Spirit* in Q1-18 and $14.0M of revenue offset in operating expenses resulting from the adoption of the new revenue accounting standard.
Vessel operating expenses	(115,382)	(98,100)	• Increase due to dry-docking and maintenance performed on redelivered vessels, higher non-recurring operating expenses on the *Randgrid* FSO and $13.5M of operating expenses offset in revenue resulting from the adoption of the new revenue accounting standard.
Time-charter hire expenses	(12,727)	(18,375)	• Decrease due to the redelivery of the *Jasmine Knutsen* to the vessel owner and not having to pay hire during the relocation of *Heather Knutsen* to the North Sea from the East Coast of Canada in Q1-18.
Estimated maintenance capital expenditures	(42,624)	(40,412)	• Increase mainly due to the delivery of the *Dorset Spirit*, *ALP Keeper* and a change in accounting estimates on the Shuttle fleet in Q1-18.
General and administrative	(17,786)	(14,383)	• Increase mainly due to higher legal fees and one-time costs in Q1-18 partly resulting from the formation of Teekay Shuttle Tankers L.L.C.
Restructuring recovery (charge)	-	671	
Partnership's share of equity accounted joint venture's DCF net of estimated maintenance capital expenditures (1)	10,463	5,821	• Increase mainly due to a full quarter of operations on the *Pioneiro de Libra* FPSO in Q1-18.
Interest expense	(41,573)	(43,365)	• Decrease mainly due the termination of certain NOK bonds in November 2017; partially offset by the delivery of the *Dorset Spirit* in March 2018.
Interest income	658	1,245	
Realized losses on derivative instruments (2)	(6,525)	(8,100)	
Income tax recovery (expense)	(5,758)	4,187	• Increase in expense mainly due to non-cash changes related to the value of the deferred tax asset.
Distributions relating to preferred units	(7,370)	(5,376)	• Increase due to the issuance of Series E preferred units in early Q1-18.
Adjustments to non-cash revenue	(5,697)	(6,297)	
Other - net	(656)	(5,450)	
Distributable Cash Flow before non-controlling interests	**43,216**	**38,789**	
Non-controlling interests' share of DCF (3)	(3,857)	(4,340)	
Distributable Cash Flow (4)	**39,359**	**34,449**	
Amount attributable to the General Partner	(31)	(31)	
Limited partners' Distributable Cash Flow	39,328	34,418	
Weighted-average number of common units outstanding	410,102	410,045	
Distributable Cash Flow per limited partner unit	**0.10**	**0.08**	

1) See reconciliation of the Partnership's equity income to share of equity accounted joint venture's distributable cash flow net of estimated maintenance capital expenditures.
2) See reconciliation of the Partnership's realized and unrealized gain on derivative instruments to realized loss on derivative instruments.
3) See reconciliation of the Partnership's non-controlling interest in net income to non-controlling interests' share of DCF.
4) For a reconciliation of Distributable Cash Flow, a non-GAAP measure, to the most directly comparable GAAP figures, see Appendix B in the Q1-18 and Q4-17 Earnings Releases.

Reconciliations of Non-GAAP Financial Measures

Q1-18 vs. Q4-17

Reconciliation of Partnership's equity income to share of equity accounted joint ventures' distributable cash flow net of estimated maintenance capital expenditures:

($'000's)	Three Months Ended March 31, 2018 (unaudited)	Three Months Ended December 31, 2017 (unaudited)
Equity income as reported	13,998	2,126
Unrealized (gain) loss on derivative instruments	(5,760)	932
Estimated maintenance capital expenditures	(5,466)	(2,584)
Pre-operational costs	-	648
Unrealized foreign exchange loss	328	586
Depreciation and amortization	7,363	4,113
Partnership's share of equity accounted joint ventures' DCF net of estimated maintenance capital expenditures	10,463	5,821

Reconciliation of Partnership's realized and unrealized gain on derivative instruments to realized loss on derivative instruments:

($'000's)	Three Months Ended March 31, 2018 (unaudited)	Three Months Ended December 31, 2017 (unaudited)
Realized and unrealized gain on derivative instruments as reported	34,450	4,708
Realized loss on partial termination of derivative instruments	10,000	-
Unrealized gain on derivative instruments	(50,975)	(12,808)
Realized loss on derivative instruments	(6,525)	(8,100)

Reconciliation of Partnership's non-controlling interests in net income to non-controlling interests' share of DCF:

($'000's)	Three Months Ended March 31, 2018 (unaudited)	Three Months Ended December 31, 2017 (unaudited)
Non-controlling interests in net income as reported	(7,859)	638
Depreciation and amortization	4,620	3,702
Write-down of vessel	7,096	-
Non-controlling interests' share of DCF	3,857	4,340

Q2 2018 Outlook

Distributable Cash Flow Item	Q2 2018 Outlook (compared to Q1 2018)
Net revenues	• $10.0m decrease in the Shuttle segment mainly due to three vessels (*Nordic Spirit*, *Stena Spirit* and *Navion Britannia*) redelivering in Q2-18 and being laid up, fewer operational days expected for the CoA fleet due to seasonal maintenance of oil fields, 57 additional scheduled dry-docking days in Q2-18 compared to Q1-18 and bunker and repositioning costs related to the *Navion Britannia* and *Navion Hispania*; partially offset by the start-up of *Dorset Spirit* in May 2018 • $6.0m decrease in the FPSO segment mainly due to the extension of the *Voyageur Spirit* FPSO contract at a reduced rate and a reduction in the *Ostras* FPSO charter rate during the extension period; partially offset by the start-up of the *Petrojarl I* FPSO on the Atlanta field in May 2018 • $6.0m increase in the Towage segment due to higher utilization and higher average day rates across the fleet largely due to the *Kaombo Norte* FPSO project
Vessel operating expenses	• $6.0m increase in the FPSO segment mainly due to the start-up of *Petrojarl I* FPSO in May 2018 and planned repair and maintenance on the *Knarr* FPSO in Q2-18 • $2.5m decrease in the Shuttle segment due to repair and maintenance costs in Q1-18 mainly related to *Nordic Brasilia*, *Nordic Rio* and *Peary Spirit* • $3.0m decrease across other segments due to timing of repairs and maintenance
Time-charter hire expenses	• Expected to be in line with Q1-18
Estimated maintenance capital expenditures	• $8.0m increase due to liquidated damages earned in Q1-18 on *ALP Keeper* newbuild • $2.5m increase due to the start-up of *Petrojarl I* FPSO in May 2018
General and administrative	• Expected to be in line with Q1-18
Net interest expense	• $7.0m increase mainly due to the start-up of the *Petrojarl I* FPSO in May 2018 and the delivery of the *Dorset Spirit* in March 2018
Equity income	• $2.5m decrease mainly due to higher operating expenses related to the *Libra* FPSO as costs ramp-up to run-rate levels
Distributions relating to preferred units	• Expected to increase by $1.0m due to a full quarter of distributions in the Series E preferred units
Non-controlling interest's share of DCF	• Expected to be in line with Q1-18
Distributions relating to general partner units	• Expected to be in line with Q1-18

2018E Drydock Schedule

Segment	March 31, 2018 (A)		June 30, 2018 (E)		September 30, 2018 (E)		December 31, 2018 (E)		Total 2018 (E)	
	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days	Vessels	Total Off-hire Days
Shuttle Tanker	1	47	3	104	3	86	1	44	8	281
	1	47	3	104	3	86	1	44	8	281

Note: In the case that a vessel drydock straddles between quarters, the drydock has been allocated to the quarter in which the majority of drydock days occur.

BRINGING ENERGY TO THE WORLD